Unit 4: Investment

Content Area: **Business Management and Information**
Course(s):
Time Period: **Marking Period 2**
Length: **6 Weeks**
Status: **Published**

Summary

The Financial Literacy course is designed to provide students with a foundational understanding of fundamental financial concepts, develop students' practical and money management skills, and instill a sense of financial responsibility and sound decision-making. The course aims to equip students with the knowledge and skills needed to make informed and responsible financial decisions throughout their lives, fostering confidence in navigating real-world financial scenarios.

This unit is part of the larger aforementioned course sequence and specifically focuses on investment where students will understand how investment limits the liquidity of assets and maintains a level of risk. Students will further complicate their understanding by explaining how investing can lead to financial gain and greater stability in the long term when done correctly, and how investing in a variety of securities can maximize short-term and long-term growth of assets and spread the level of risk associated with investing. By the end of this unit, students will be able to analyze the ways to invest money in the short and long term, differentiate the types of retirement plans available, explain how investing allows for growth of assets over time, evaluate the level of risk associated with investing, describe how some forms of investment have higher levels of risk than others, but that the riskiest investments can at times lead to the greatest returns, explain how existing inequalities make it difficult for marginalized groups to invest at the same rate as privileged groups, analyze how unregulated markets like cryptocurrency are especially risky investments, create an investment portfolio that maximizes growths and shows the benefits to diversification, and explain the extent to which there are protections on invested assets. Students will also know the types of retirement plans and investment funds, the way the stock market operates, how to invest in the stock market, the purpose of an index, the concept of liquidity and how it is limited with invested assets, the power of compound interest, the professionals and resources available to invest, and the benefits and detriments to investing.

Students in Business Management and Information Systems classes develop skills that are intended to give them a competitive advantage in the workplace. Through the study of core business topics and current events, this curriculum encourages students to refine their speaking and listening skills, collaborate with their peers, and explore and research potential career paths. This course fulfills the 2.5 credits in financial literacy coursework required by both Cranford High School and the state of New Jersey for graduation.

Revision Date: August 2024

Standards

9.1.12.FP.3: Relate the concept of delayed gratification (i.e., psychological distance) to meeting financial goals, investing and building wealth over time.

9.1.12.FP.4: Identify how unconscious beliefs like "money scripts" (money avoidant, money worship, money status, money vigilant) influence financial decision-making.

9.1.12.FP.5: Evaluate how behavioral bias (e.g., overconfidence, confirmation, recency, loss aversion, etc.) affects decision-making.

9.1.12.FP.6: Evaluate the relationship of familial patterns, cultural traditions, and historical influences on financial practice.

9.1.12.FP.7: Determine how multiple sources of objective, accurate and current financial information affect the prioritization of financial decisions (e.g., print information, prospectus, certified financial planners, internet, sales representatives, etc.).

9.1.12.PB.1: Explain the difference between saving and investing.

9.1.12.PB.2: Prioritize financial decisions by considering alternatives and possible consequences.

9.1.12.PB.6: Describe and calculate interest and fees that are applied to various forms of spending, debt and saving.

9.1.12.RM.1: Describe the importance of various sources of income in retirement, including Social Security, employer-sponsored retirement savings plans, and personal investments.

9.1.12.RM.2: Identify types of investments appropriate for different objectives such as liquidity, income, and growth.

9.2.12.CAP.14: Analyze and critique various sources of income and available resources (e.g., financial assets, property, and transfer payments) and how they may substitute for earned income.

9.4.12.CI.1: Demonstrate the ability to reflect, analyze, and use creative skills and ideas (e.g., 1.1.12prof.CR3a).

9.4.12.CI.3: Investigate new challenges and opportunities for personal growth, advancement, and transition (e.g., 2.1.12.PGD.1).

NJSLSA.R1. Read closely to determine what the text says explicitly and to make logical inferences and relevant connections from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

NJSLSA.R2. Determine central ideas or themes of a text and analyze their development; summarize the key supporting details and ideas.

NJSLSA.R4. Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

NJSLSA.R7. Integrate and evaluate content presented in diverse media and formats, including visually and quantitatively, as well as in words.

NJSLSA.R8. Delineate and evaluate the argument and specific claims in a text, including the validity of the reasoning as well as the relevance and sufficiency of the evidence.

NJSLSA.R9. Analyze and reflect on how two or more texts address similar themes or topics in order to build knowledge or to compare the approaches the authors take.

NJSLSA.R10. Read and comprehend complex literary and informational texts independently and proficiently with scaffolding as needed.

NJSLSA.W1. Write arguments to support claims in an analysis of substantive topics or texts, using valid reasoning and relevant and sufficient evidence.

NJSLSA.W2. Write informative/explanatory texts to examine and convey complex ideas and information clearly and accurately through the effective selection, organization, and analysis of content.

NJSLSA.W4. Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.

NJSLSA.W5. Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach.

NJSLSA.W6. Use technology, including the Internet, to produce and publish writing and to interact and collaborate with others.

NJSLSA.W7. Conduct short as well as more sustained research projects, utilizing an inquiry-based research process, based on focused questions, demonstrating understanding of the subject under investigation.

NJSLSA.W8. Gather relevant information from multiple print and digital sources, assess the credibility and accuracy of each source, and integrate the information while avoiding plagiarism.

NJSLSA.W9. Draw evidence from literary or informational texts to support analysis, reflection, and research.

NJSLSA.W10. Write routinely over extended time frames (time for research, reflection, and revision) and shorter time frames (a single sitting or a day or two) for a range of tasks, purposes, and audiences.

NJSLSA.SL1. Prepare for and participate effectively in a range of conversations and collaborations with diverse partners, building on others' ideas and expressing their own clearly and persuasively.

NJSLSA.SL2. Integrate and evaluate information presented in diverse media and formats, including visually, quantitatively, and orally.

NJSLSA.SL4. Present information, findings, and supporting evidence such that listeners can follow the line of reasoning and the organization, development, and style are appropriate to task, purpose, and audience.

NJSLSA.SL5. Make strategic use of digital media and visual displays of data to express information and enhance understanding of presentations.

NJSLSA.SL6. Adapt speech to a variety of contexts and communicative tasks, demonstrating command of formal English when indicated or appropriate.

NJSLSA.L1. Demonstrate command of the conventions of standard English grammar and usage when writing or speaking.

NJSLSA.L2. Demonstrate command of the conventions of standard English capitalization, punctuation, and spelling when writing.

NJSLSA.L4. Determine or clarify the meaning of unknown and multiple-meaning words and phrases by using context clues, analyzing meaningful word parts, and consulting general and specialized reference materials, as appropriate.

NJSLSA.L5. Demonstrate understanding of word relationships and nuances in word meanings.

NJSLSA.L6. Acquire and use accurately a range of general academic and domain-specific words and phrases sufficient for reading, writing, speaking, and listening at the college and career readiness level; demonstrate independence in gathering vocabulary knowledge when encountering an unknown term important to comprehension or expression.

New Jersey Diversity and Inclusion Law
In accordance with New Jersey's Chapter 32 Diversity and Inclusion Law, this unit includes instructional materials that highlight and promote diversity, including: economic diversity, equity, inclusion, tolerance, and belonging in connection with race and ethnicity, and disabilities.

The standards in this unit reflect a developmental progression across grade levels and make interdisciplinary connections across content areas including the humanities, technology, career readiness, cultural awareness, and global citizenship.

Essential Questions/Enduring Understandings

Essential Questions:

- To what extent can investing aid in building wealth?
- To what extent does risk impact financial gains of investments?
- How can someone invest safely while also maximizing returns?

Enduring Understandings:

- Investment limits the liquidity of assets and maintains a level of risk, however investing can lead to financial gain and greater stability in the long term when done correctly.
- Investing in a variety of securities can maximize short-term and long-term growth of assets and spread the level of risk associated with investing.

Objectives

Students will know:

- Vocabulary terms: (including but not limited to: investment, risk, risk aversion, liquidity, bond, stock, mutual fund, money market, index, stock market, NYSE, Dow Jones, dividend, interest, cryptocurrency, return, stock symbol, Retirement, Pension, 401k/403B, IRA/Roth IRA, Social Security, purchasing power, financial advisor, broker)
- The connection between risk and return in investing.
- The way that returns are not guaranteed with riskier forms of investment.
- The difference between saving and investing.
- The concept of delayed gratification in relation to investment.
- The way interest can grow with investment funds.
- The level of risk associated with the forms of investment.
- The ways that investment can aid in building wealth.
- The fact that investments do not always lead to a return.
- The ways in which some individuals are risk averse.
- The ways to differentiate between forms of investment.
- The purpose of investing for financial well-being and stability later in life.
- The short and long term effects of investing.
- The effects of making a poor investment.
- The dangers and benefits to investing.
- The purpose of a retirement fund, pension, and Social Security.

Students will be skilled at:

- Comparing the types of investments available based on risk, return, and accessibility.
- Explaining how investments can serve as additional income outside of a salary.
- Analyzing the risks and benefits to investing.
- Creating an investment plan that will benefit individuals in the long term.
- Differentiating between a safe and risky investment.

- Simulating the gains and losses of investing over a period of time.
- Explaining the role of the government and banks in varying forms of investments in terms of security.
- Analyzing how purchasing power changes when money is invested, as finances lose liquidity in the short run, but may gain purchasing power in the long run.
- Comparing types of retirement plans, considering when they are taxed, how interest accrues, and which types of accounts are available through employment or outside financial institutions.
- Evaluating the dangers of investing in unregulated markets, such as cryptocurrency.
- Explaining how investment contributions should rise in tandem with inflation rates to maximize returns.
- Evaluating the extent to which investment is accessible to individuals.
- Explaining why many people do not invest.
- Reflecting on the benefits of having a diverse investment portfolio.

Learning Plan

- **Saving vs. Investing Analysis:** Students will first define what they think investing means and what would count as an investment. Students will then review saving and compare their understanding to the definition created for investing. Students will then compare and contrast saving and investing through examination of an infographic, and explain how money "grows" more through investing than through saving. Students will also connect risk to investing compared to saving, as well as ways in which one can invest versus save.
- **Analyzing the Risk Pyramid:** Students will first define types of investments, and create a pyramid with what they consider to be the riskiest investments versus least risky. Students will then compare their guesses to the actual levels of risk and return associated with types of investments, and reflect on why some of the riskiest investments are credited with the highest returns and potential for loss. Students will then simulate the risk associated with different forms of investment through playing STAX, where they will practice investing in various forms of securities, and will reflect on the extent to which their risk/reward pyramid was accurate in their investing experience.
- **Inequalities in Investing:** Students will first define what a "wealth gap" means to them, and review how investing can contribute to a growth of wealth. Students will then analyze graphs related to investing demographics to assess how investing historically has not been accessible to all Americans, and how it has contributed to a gap in wealth. Students will consider ways in which to amend some of the inequalities they examine, and share findings.
- **Impact of Inflation on Investments:** Students will review their understanding of inflation. Students will then calculate the difference between investing the same amount of money over a period of time to investing with the rate of inflation. Students will reflect on how investments grew when keeping up with the rate of inflation, and why it is important to continually increase investment rates to "beat inflation."
- **Comparing Investment Funds:** Students will be split into groups to examine one of the following types of investments: Actively Managed Mutual Funds, Passively Managed Index Funds, Exchange-Traded Funds (ETFs), or Target Date Funds (TDFs). Students will then research their type of

investment and consider the following: how the investment is managed, the length of time for the investment, growth of interest, level of risk, ease of purchase, how easy it is to sell or divest, and minimum amount of money required for investment. Students will then act as advertisers to create a pitch as to why their investment is the best for a client. Students should also consider the detriments to their investment, and compare findings with classmates. Students will then reflect which types of investments they would be most likely to utilize in their own future lives, and why it is beneficial to have a diverse investment portfolio.

- **Investing Guess Who? Game:** Students will create their own Guess Who board with the professionals and types of investments. Students will define the jobs and purposes of each professional and type of investment, and then work with a partner to "Guess who" is the best person for various investment scenarios.
- **Stock Market Game:** Students will investigate how the stock market works by participating in an online stock market game. Students will first practice researching stocks and analyzing their highs and lows for different time periods, and then practice investing in stocks. Students will reflect on how their stocks varied over time, considering the influence of political events, quarterly reports, company news, and more. Students will also consider the benefits to diversifying a portfolio, why people generally hold stocks over a longer period of time compared to as a short term investment, and how investing in indices rather than stocks can be beneficial.
- **Dangers of Cryptocurrency:** Students will share their current understanding of cryptocurrency and forms of crypto. Students will then examine the benefits and detriments to cryptocurrency, highlighting how it is not bank-insured, difficult to liquidate, and volatile in pricing. Students will then examine the recent fall of the crypto company FTX and examine how the company mishandled funds, as well as why it is important to invest safely.
- **Analyzing Retirement Plans:** Students will go over the definitions of varying forms of retirement funds, including Pensions, Social Security, 401ks, 403bs, IRAs and Roth IRAs. Students will compare and contrast the benefits and detriments to each type of plan, and examine how investments compound differently based on the type of retirement fund. Students will then consider which retirement fund they would most likely invest in and explain why.
- **Celebrity Investment Portfolio Project:** Students will work in groups to create their final project for the investment unit- an investment portfolio for a celebrity of their choosing. Students will research the "salary" of the celebrity they chose, and using the 50/30/20 rule, create an investment portfolio to maximize growth of wealth. Students will create a presentation of how they will best allocate funds for growth in retirement and other investments. Students will present findings to show how their money maximized growth and showed a balanced portfolio. Students with the strongest investment portfolio will be "chosen" as financial advisors.

Assessment

When taking a Social Studies course, students demonstrate differentiated proficiency according to their ability to answer the essential questions through formative and summative assessments. Many of the performance tasks below can be implemented as formative and/or summative assessments. As teachers strive for students to demonstrate proficiency, they will need to create additional or alternative assessments based on demonstration or absence of skill.

Formative Assessments:

- Saving vs. Investing Analysis

- Analyzing the Risk Pyramid
- Inequalities in Investing
- Impact of Inflation on Investments
- Comparing Investment Funds
- Stock Market Game
- Dangers of Cryptocurrency
- Analyzing Retirement Plans

Summative Assessments:

- Investment Quiz
- Celebrity Investment Portfolio

Materials

The design of this course allows for the integration of a variety of instructional, supplemental, and intervention materials that support student learners at all levels in the school and home environments. Associated web content and media sources are infused into the unit as applicable and available In addition to the materials below, the following link connects to district approved textbooks and resources utilized in this course: Core Book List.

The following are approved resources that teachers can include to further unit related objectives:

Inequalities in Investing (Next Gen Personal Finance)

Infographic: A Simple Introduction to Investing (Wealth Capitalist)

STAX Investing Game and Analysis (Next Gen Personal Finance)

Risk Pyramid

Reasons to Invest Reference (Next Gen Personal Finance)

The Power of Compounding (Next Gen Personal Finance)

Compound Interest Calculator (Investor.gov)

Compare: Types of Investment Funds (Next Gen Personal Finance)

Understanding Inflation (Next Gen Personal Finance)

Build Your Portfolio (Next Gen Personal Finance)

25 Things to Know about Investing by 25 (Business Insider)

Retirement Basics (Next Gen Personal Finance)

A Beginner's Guide to Cryptocurrency (Visual Capitalist)

Data Crunch: How Does Your Asset Mix Impact Your Return? (Next Gen Personal Finance)

The Collapse of FTX: What Went Wrong with the Crypto Exchange? (Investopedia)

What to Know about Cryptocurrency and Scams (FTC)

Any additional resources that are not included in this list will be presented to and reviewed by the supervisor before being included in lesson plans. This ensures resources are reviewed and vetted for relevance and appropriateness prior to implementation.

Suggested Strategies for Modification

This link includes content specific accommodations and modifications for all populations:

https://docs.google.com/spreadsheets/d/1Pp6EJOCsFz5o4-opzsXpQDQoa6aClW-bkRGPDRHXVrk/edit?usp=sharing

These additional strategies are helpful when learning Social Studies content and skills:

- Bold terms in directions.
- Read texts aloud for students to assist in comprehension and analysis.
- Provide opportunities for text-to-speech for written responses.
- Use visual presentations of all materials and instructions.
- Provide step-by-step instructions for mathematical problems that require calculation.
- Model of practices to support student understanding.